

Message Text

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ACTION L-03

INFO OCT-01 NEA-10 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00

INR-07 NSAE-00 EB-07 COME-00 TRSE-00 OMB-01 AID-05

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8886

C O N F I D E N T I A L CAIRO 13137

EO 11652: GDS

TAGS: EFIN EG US

SUBJECT: US-EGYPTIAN PRIVATE CLAIMS SETTLEMENT

REF: CAIRO 12788 AND 12669

1. SINCE TALK REPORTED REFTTEL, US-EGYPTIAN CLAIMS SETTLEMENT HAS MOVED A LITTLE, BUT NOT MUCH. OUR INTRODUCTION OF POLITICAL ISSUES IN DOCUMENT 5 CONTINUES TO BE THE STUMBLING BLOCK.

2. MINSTATE RIAD APPARENTLY TALKED WITH DEWIDAR ABOUT THE SUBJECT AS HE HAD PROMISED, AND DEWIDAR LAST WEEK SUMMONED EMBOFF TO DISCUSS SUBJECT. HE REQUESTED FOLLOWING DELETIONS IN DOCUMENT 5, CLAIMING THIS WAS RIAD'S WISH:

A) IN PARA 1 DELETE "REMAIN OUTSTANDING AND" AT END OF FIRST PARAGRAPH.

B) DELETE PHRASE "ALL DEBTS OWING THE GOVERNMENT OF THE US" IN FIRST SENTENCE OF PARAGRAPH 1A.

C) DELETE FINAL SENTENCE OF PARA 2, I.E. "THEREFORE, AFOREMENTIONED CLAIMS REMAIN OUTSTANDING AND HAVE BEEN EXCLUDED FROM THE REFERENCED AGREEMENT."

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3. DEWIDAR GAVE NO EXPLANATION FOR THESE CHANGES,

BUT ADDED PERSONAL IDEA THAT MINECON ZAKI SHAFEI DOES NOT WANT TO BE INVOLVED IN SIGNING OF POLITICAL DOCUMENT AND THAT DOCUMENT 5 SHOULD THEREFORE BE INITIALED BY FONMIN.

4. IN VIEW LACK OF EXPLANATION, I DECIDED TO SEE RIAD ABOUT THE MATTER AND DID SO LAST NIGHT. RIAD STATED DEWIDAR HAD INFORMED HIM THAT A) HUANG HAD ALREADY AGREED TO THE DELETION OF FINAL SENTENCE PARA 2, AND B) HAD ADDED THAT HUANG HAD TOLD HIM NO RPT NO ORAL STATEMENT WAS NECESSARY. RIAD CONFIRMED, AS HE HAD EARLIER, THAT HE, TOO, WANTS FINAL SENTENCE OF PARA 2 OUT AND ALSO PHRASE IN PARA 1, "ALL DEBTS OWING THE US." IN EXPLANATION FOR LATTER DELETION, HE CONTENTED DEBTS OWED THE US ARE AN ECONOMIC MATTER, NOT POLITICAL, AND SHOULD PROPERLY BE HANDLED BY EITHER MINECON COOPERATION OR MINFINANCE. SO FAR AS LAST SENTENCE PARA 2 IS CONCERNED HE CONTENTS ITS DELETION IS CONSISTENT WITH THE POSITION GOE MUST TAKE THAT IT CANNOT ACCEPT AT THIS TIME, EXPLICITLY OR IMPLICITLY, AFRICAN GLEN CLAIM. IF THESE CHANGES ARE AGREEABLE TO US SIDE, RAID STATED HE WOULD SUBMIT THE MATTER TO FAHMY AND PROBABLY TO THE PRIMIN FOR CONCURRENCE. IF THEY AGREE, INITIALING COULD TAKE PLACE.

5. I TOLD RIAD THAT I WAS NOT AWARE THAT HUANG HAD AGREED TO THE DELETION OF LAST SENTENCE, PARA 2, BUT RECALLED I HAD EARLIER SUBMITTED TO DEPT THIS REQUEST TO DO SO. I ALSO EMPHASIZED THAT DEWIDAR HAD APPARENTLY MISUNDERSTOOD THE INTENTION OF HUANG'S COMMENT ABOUT THE NEED FOR AN ORAL STATEMENT (CAIRO 12669). I HAD INSTRUCTED HUANG TO TELL DEWIDAR, PRIMARILY BECAUSE OF THE LATTER'S OBVIOUS RELUCTANCE TO DISCUSS ANYTHING POLITICAL, THAT THE ORAL STATEMENT SHOULD PROPERLY COME FROM MFA AND THAT I INTENDED TO DISCUSS IT WITH RIAD. AS RIAD WOULD RECALL, I HAD DONE SO. AN ORAL STATEMENT OF THE TYPE SUGGESTED IS STILL NECESSARY FROM OUR POINT OF VIEW TO MAKE THE REVISED DOCUMENT 5 ACCEPTABLE. RIAD SEEMED SURPRISED AT THIS, BUT INDICATED THAT THE ORAL STATEMENT SEEMED ACCEPTABLE TO HIM. HE AGREED THAT, IN VIEW OF ITS CONTENTS, EITHER FAHMY OR HE SHOULD MAKE SUCH CONFIDENTIAL

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A STATEMENT BECAUSE OF ITS POLITICAL NATURE. RIAD CLAIMED THAT BOTH HE AND FAHMY WOULD LIKE TO GET THE PRIVATE CLAIMS MATTER OUT OF THE WAY AS QUICKLY AS POSSIBLE.

6. COMMENT: BALL IS NOW BACK IN OUR COURT. PLEASE ADVISE IF THE PROPOSED DELETIONS ARE ACCEPTABLE. IN MY JUDGMENT, WE ARE NOT GOING TO GET GOE TO AGREE TO ANY

LANGUAGE THAT OBLIGATES IT TO ACCEPT AFRICAN GLEN CASE.
GOE IS CLEARLY AFTER A FORMULA WHICH LEAVES OPEN ITS
OPTIONS WHETHER TO AGREE TO DISCUSS AFRICAN GLEN CASE
OR NOT TO DO SO. WE WILL HAVE TO DECIDE WHETHER WE
WANT TO MOVE FORWARD ON THE PRIVATE CLAIMS MATTER,
OR MAKE DOCUMENT 5 A MAJOR STICKING POINT.
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